



## Operating Subsidy – Grant Administration Overview

### I. Reporting Requirements:

#### A. Budget and Reconciliation Process:

Operating Subsidy funds are forward-funded either annually or semi-annually based on a Minnesota Housing-approved operating budget. Disbursements are reconciled at the end of the agreed-upon draw period (annually or semi-annually) and are also reviewed and approved. Any draw balance is applied to the next disbursement. Proposed reconciliations and budgets for the upcoming budget should be submitted to Minnesota Housing within 45 days after year-end; an operating budget will not be approved until a previous year's operating data has been reviewed and approved.

Minnesota Housing uses the BudRep Tool for all of its operating subsidy grantees; this form may be downloaded from Minnesota Housing's Asset Management webpage (see link in links section below). Please note that this form is updated on a regular basis, hence a new form should be downloaded for each annual budget. Below are some basic steps for completing the Budgeting and Reconciliation processes.

<b>Instructions</b>	<b>Explanations</b>	<b>RentTable</b>	<b>CapEx</b>	<b>Budget</b>	<b>Budget Notes</b>	<b>Actual</b>	<b>Actual Notes</b>	<b>25</b>
	Chart of Accounts	Used in Budgeting Process				Used in Reconciliation		

#### General tips:

- Annual Budgets and Reconciliations for a given year are completed on the same workbook.
- Refer to the Explanations tab for detail on individual lines.
- If the property's budget operates on a non-calendar year, adjust the following in the Actual tab; use this same box to enter the budget year (2009, 2010, etc.).

<input type="checkbox"/> Use NON-CALENDAR Accounting Year		
First Month of Accounting Cycle:	1	January
Year of First Month of Acc. Cycle:	2010	
Accounting Method:	Accrual	

- The BudRep Tool uses accrual basis accounting.
- In general, Unique Costs (e.g., Tenant Service Coordinator, Front Desk, etc.) are accounted for on the Unique Costs line (Line 35) of both the Budget and Actual tabs.
- Operating Subsidy grant income is placed on the Other Income line (Line 18) of both the Budget and Actual tabs.
- The goal of the Reconciliation process is to get a clear understanding of how grant funds were used.

When proposing a Budget for the upcoming budget year, complete the following tabs—

- Rent Table
- CapEx: Complete for planned capital improvements planned; this tab auto-populates the appropriate Budget tab line.
- Budget: Complete the "20xx Proposed Budget" column. At a minimum, complete rows 1 – 58, 89 – 91, and 96, as applicable; Minnesota Housing will complete the approved column when appropriate.
- Budget Notes: Provide detail on individual line items, as necessary.
- Operating Subsidy: Optional, may be used to provide more detail on grant-funded activities.

When proposing Reconciliation for a completed budget year, complete the following tabs—

- Actual: Complete this tab throughout the year with monthly data. At a minimum, complete rows 1 – 58, 63 – 64, 69, 89 – 91, 101 – 107, 109 and 111 – 112.
- Actual Notes: Provide detail on individual line items, as necessary.

## B. Annual Compliance

Compliance items specific to the operating subsidy grant are due annually to Minnesota Housing within 90 days after fiscal year-end. Some items, such as an audit may be submitted at a later date.

The property's grant agreement will detail required compliance items, but they typically include:

- Audited financial report or twelve month compilation of project operations;
- Proposed annual budget and schedule of rents for all units in Budget and Operating Tool;
- A rent roll for the first and last months of the twelve month period;
- A copy of the property management agreement;
- Evidence that designated populations are being served and supportive services plan is in place (e.g., services budget, services plan, etc.);
- Year-end operating statement.

## C. Other Compliance

- Properties required to serve households experiencing long-term homeless (LTH) must also utilize the Homeless Management Information System (HMIS). For questions regarding HMIS, contact Vicki Farden (Minnesota Housing) at [vicki.farden@state.mn.us](mailto:vicki.farden@state.mn.us) or 651-296-8125 or see the [HMIS website](#).
- Properties required to serve persons experiencing a serious mental illness (SMI) must also utilize the Programs Outcome Status Report (POSR). For questions regarding POSR, contact Gary Travis (Dept. of Human Services, Adult Mental Health Division) at [gary.m.travis@state.mn.us](mailto:gary.m.travis@state.mn.us) or 651-431-2252.
- As will be stipulated in the property's Grant Agreement, certain items will be required to be maintained in tenant files. These may include the following:
  - Obtain signed Government Data Practices Act Disclosure Statement;
  - For LTH households, obtain Self-Certification or Referral Form.

Note that these and other forms are available through the [Minnesota Housing Management Companies webpage](#).

- Any items required by capital funding requirements – see relevant agreements for details.

## II. Other Information

### A. Helpful Links

- [Operating Subsidy Program Guide](#) - Manual for all of Minnesota Housing's operating subsidy programs.
- [Minnesota Housing Management Companies Webpage](#) - Contains forms on Government Data Practices Act, Initial Occupancy Statement, Long-term Homeless Verification and Certification, and Characteristics of Tenant Households Report.
- [Minnesota Housing Asset Management Webpage](#) - Contains BudRep Tool for processing draws and reconciliations.
- [Minnesota Housing Supportive Housing Forms/LTH Reporting Requirements Webpage](#) - Contains various forms and resources related to long-term homeless project compliance.
- [Minnesota HMIS](#) - Contains detailed information on setting up HMIS reporting with Wilder Research.

### B. Program Contact Information

- [Contacts](#)